



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

situated at the eastern end of the republic. On the Nicaraguan shore of this gulf the United States government purposes to establish a naval base. The islands within the Gulf of Fonseca belong to Salvador and that of Meanguera commands the entrance to the Gulf. The President of the republic is anxious to see established on this Island a free port similar to that on the Island of Curaçao, off the coast of Venezuela. His idea is that, if warehouses, dry docks and coaling stations for ships were erected on this island, the merchants of foreign countries could ship their goods in bulk to this port, where they would be entered free of duty. By such an arrangement wholesale stocks could be carried in this central place and the different countries supplied from that point. Inasmuch as three of the republics border on the Gulf of Fonseca, the transshipment of goods in small quantities to the respective countries could easily be accomplished. A concession for the establishment of such a port was granted by the National Assembly in the year 1914.

The opportunity is open to American merchants to capture the entire Pacific trade of Central America by establishing themselves at this time in Salvador. The country has been singularly free from revolutions, the last outbreak of this nature having occurred as far back as 1895. The republic has a stable government which changes every four years by the ballot instead of the bullet. The people are industrious and the climate is salubrious. There is an entire absence of the fevers peculiar to the countries in the latitude of Salvador on the Atlantic side. This is chiefly because the country is hilly and well drained; also on account of an absence of low-lying marshy lands.

To conclude, Salvador is well worthy of a visit and the serious consideration of American capitalists who may be contemplating investing in Latin American countries.

GUATEMALA

BY JOHN CLAUSEN,

Manager Foreign Department, The Crocker National Bank of San Francisco.

The Republic of Guatemala, situated East of Mexico, covers an area of about 50,000 square miles, with an estimated population of 2,120,000 inhabitants—the largest of any Central American country—of which 125,000 reside in the capital, Guatemala City. The name “Guatemala” is probably of Aztec origin and is said to mean “Land of the Eagle.” The bulk of its people are located in that half of the Republic bordering on the Pacific with few settle-

ments on the North or on the Atlantic side. Its mountain ranges, with very little exception, give the country an elevation of from 4,000 to 11,500 feet. The Pacific slope is very fertile and produces large crops of coffee, corn and sugar; while on the Atlantic side there is found very little agricultural wealth except from the cultivation of bananas in the lowlands and near the coast. The production of coffee, however, is the principal money crop of the country—moved largely upon funds that have been advanced for that purpose—and to its marketing, therefore, depends much of the prosperity of the Republic.

According to the report of the Secretary of Finance of the government of Guatemala, made under date of April 14, 1915, its debt amounted to \$13,304,759.79 United States gold, made up as below:

| | |
|-------------------------|-----------------|
| English debt | \$11,785,314.39 |
| Internal debt | 1,519,445.40 |

Their external obligation consists of what is called the English debt of 4 per cent which was not contracted by the present administration but dates back from the time when all Central America was one Federation of Republics, or in other words, since the independence of Guatemala which was established in the year 1821.

Upon the breaking up of the Federation three-fourths ($\frac{3}{4}$) of this obligation fell to Guatemala, while the remainder, but one-fourth ($\frac{1}{4}$), was allotted to the other four republics. Subsequent administrations increased the debt by additional loans and delinquent interest, until it reached the aforementioned figure. No new foreign loans have been contracted by the present government, although it is learned that negotiations have recently been opened towards the placing of an additional \$3,000,000 United States gold for municipal improvements in the City of Guatemala.

Only during the last few years has Guatemala effected a material settlement with its English creditors in resuming payment of interest. The services of the English debt require only \$300,000 United States gold annually for interest, which are conveniently cared for as the republic has a favorable trade balance of approximately \$3,500,000 United States gold and a net internal revenue of \$1,000,000 to \$2,000,000 United States gold. In naming these figures, however, it must necessarily be taken into consideration that the European war, together with prevailing inadequate transportation facilities, will tend to decrease the government revenues as also customs taxes which as has been stated represents the larger portion of their income. The internal indebtedness has been found difficult to liquidate with the result of constantly increasing the obligation by delinquent interest payments.

The English loan, however, in spite of the expenditure of large sums on public works and charitable institutions of the country, has

received its interest in advance and this feature is being very favorably commented upon by British capitalists. These bonds have been quoted during the greater part of the year at 40 to 41, netting the holders nearly 10 per cent per annum. Unlike many other Latin American republics, the municipalities of Guatemala have no bonded indebtedness and their temporary advances from local banks are automatically repaid from taxation.

Authorities affirm that it would take approximately \$12,000,000 in gold to place and maintain the country on a gold basis.

The yield of the public revenue in 1915 was \$85,007,704.74 G/P pesos, as against \$82,399,924.55 G/P pesos in 1914. Public expenditures for 1915 were \$67,841,283.64 G/P pesos, which exceeded the amount estimated by \$7,778,643.65 G/P pesos.

The total value of trade in 1915 was \$16,369,061.99 gold as against \$22,085,141.48 gold in 1914. On the other hand between the imports amounting to \$5,072,473.03 gold and exports aggregating \$11,566,585.96 gold, there was left a favorable trade balance for Guatemala of \$6,494,109.93 gold.

Two causes especially affect Central American trade and finance, the loss of the usual markets in Europe and the inadequacy of transportation facilities. The Republic of Guatemala in particular lost its normal outlet for coffee, the largest of its export commodities.

A very cordial feeling has been developed in Guatemala towards the United States and while a good portion of their imports originate in this country, a much larger percentage of business transactions should be exploited as a result of the favorable opportunities at present. To make our appeals forcible it becomes necessary to invest more capital in the republic, to extend more liberal credits, to improve banking facilities for export trade and to make more direct and personal efforts in their markets. At present they need financial assistance and shipping facilities perhaps more than other Latin American countries. It is essential for the maintenance of the foreign purchasing power of Guatemala to lend help in developing and marketing their products abroad.

The comparative tables which follow show the importance of our trade relations with that republic:

EXPORTS from Guatemala to—

| | |
|--------------------|----------------|
| Germany..... | \$5,412,580.30 |
| United States..... | 4,874,379.19 |
| England..... | 1,476,706.48 |
| France..... | 34,185.75 |

\$11,797,851.72

| | |
|----------------------|------------|
| Other countries..... | 956,184.89 |
|----------------------|------------|

\$12,754,036.61 U. S. gold.

IMPORTS into Guatemala from—

| | |
|----------------------|----------------|
| United States..... | \$4,879,200.04 |
| Germany..... | 1,842,738.04 |
| England..... | 1,389,645.00 |
| France..... | 317,631.11 |
| Japan and China..... | 221,462.55 |

\$8,650,676.74

Other countries..... 680,438.13

\$9,331,114.87 U. S. gold.

There are at present about five hundred miles of railway in the republic. The system includes a transcontinental line from San Jose on the Pacific Coast to Puerto Barrios on the Atlantic, considered the best built railway of any of the Central American lines with the possible exception of the Panama Railway. The Atlantic side of the republic is webbed with 200 miles of rail, 270 on the Pacific side and 30 for the interior. These roads are practically all owned by American interests and represent in a measure the only investment in that Republic of North American capital. German and English investments predominate in all other undertakings, principally that of coffee-growing.

To develop mining the government has granted the privilege of free duty on machinery and other implements necessary for the exploitation of that industry.

Ores of iron, lead, zinc, silver, lignite of very good quality, sulphur and rock salt are found in abundance. Prospecting for petroleum has recently been undertaken and the opinion exists that the search will be successful. The greatest obstacle, however, to a rapid progress of these enterprises is capital to adequately exploit the vast mineral deposits.

Grazing has also had considerable development, but there is little outgo of meat products, most of the cattle being consumed in the country with only the hides for export. There is much talk at present of developments in cattle raising and the government seems disposed to lend assistance to any proper venture of this kind.

It seems easier for the Central American to live on the products of his own country than for most other people and this particularly is true of Guatemala which is primarily an agricultural country with comparatively little manufacturing and scarcity of capital for its development.